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PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKETING DEPARTMENT

NOTICE OF FILING

DOCKET NO. 2008-447-EG

Petition to Establish Docket to Consider Implementing the Requirements of Section 1307 (State Consideration of Smart Grid) and Section 532 (Energy Efficiency Programs) of the Energy Independence and Security Act of 2007

The South Carolina Office of Regulatory Staff (ORS) has filed an Amended Petition to Establish a Docket to Consider Implementing the Requirements of Section 1307 (State Consideration of Smart Grid) and Section 532 (Energy Efficiency Programs) of the Energy Independence and Security Act of 2007 (EISA) with the Public Service Commission of South Carolina (the Commission). Section 1301 of EISA provides that "It is the policy of the United States to support the modernization of the Nation's electricity transmission and distribution system to maintain a reliable and secure electricity infrastructure that can meet future demand growth...which together characterize a Smart Grid." According to the ORS's Amended Petition, a "smart grid" is a distribution system that allows for flow of information from a customer's meter in two directions - into the house to thermostats, appliances, and other devices, and from the house to the utility. Further, the smart grid includes a variety of operational and energy measures, including smart meters, smart appliances, renewable energy resources, and energy efficiency resources. Section 1301 of EISA also supports increased use of digital information and controls technology to improve reliability, security, and efficiency of the electric grid.

Section 1307(a)(16) of EISA provides guidance to states regarding their considerations of smart grid investments. According to Section 1307(a)(16)(A) of

EISA, each state shall consider requiring that, prior to undertaking investments in nonadvanced grid technologies, an electric utility of the State demonstrate to the State that the electric utility considered an investment in a qualified smart grid system based on appropriate factors, including, total costs; cost-effectiveness; improved reliability; security; system performance; and societal benefit. Section 1307(a)(16)(B) requires each State to consider authorizing each electric utility of the State to recover from ratepayers any capital, operating expenditure, or other costs of the electric utility relating to the deployment of a qualified smart grid system, including a reasonable rate of return on the capital expenditures of the electric utility for the deployment of the qualified smart grid system.

Section 532(a)(16) of EISA provides that each electric utility shall integrate energy efficiency resources into utility, State, and regional plans; and adopt policies establishing cost-effective energy efficiency as a priority resource. Section 532(a)(17) also states that the rates allowed to be charged by any electric utility shall align utility incentives with the delivery of cost-effective energy efficiency; and promote energy efficiency investments. The factors each state regulatory authority shall consider regarding rate design modifications to promote energy efficiency investments are located in Section 532(a)(17)(B).

Section 532(b) requires each natural gas utility to integrate energy efficiency resources into the plans and planning processes of the natural gas utility and to adopt policies that establish energy efficiency as a priority resource in the plans and planning processes of the natural gas utility. Further, the rates allowed to be charged by a natural gas utility shall align utility incentives with the deployment of cost-effective energy efficiency. Regarding natural gas rates and cost-effective energy efficiency, each state regulatory authority is to consider the provisions of Section 532(b)(6)(B).

A copy of the ORS's Amended Petition can be obtained from the Commission at the following address: Public Service Commission of South Carolina, Docketing Department, 101 Executive Center Drive, Columbia, South Carolina 29210. Additionally, the Amended Petition is available on the Commission's website at www.psc.sc.gov and is available from Nanette S. Edwards, Esquire and Shannon Bowyer Hudson, Esquire, South Carolina Office of Regulatory Staff, 1401 Main Street, Suite 900, Columbia, South Carolina 29201.

Any person who wishes to participate in this matter, as a party of record with the right of cross-examination should file a Petition to Intervene in accordance with the Commission's Rules of Practice and Procedure on or before **May 1, 2009**, and indicate the amount of time required for his presentation. Please include an email address for receipt of future Commission correspondence in the Petition to Intervene. **Please refer to Docket No. 2008-447-EG.**

Any person who wishes to testify and present evidence at the hearing, when scheduled, should notify the Docketing Department, in writing, at the address below, the Office of Regulatory Staff, at 1401 Main Street, Suite 900, Columbia, South Carolina 29201, on or before **May 1, 2009**, and indicate the amount of time required for his presentation. **Please refer to Docket No. 2008-447-EG.**

Any person, who wishes to be notified of the hearing, but does not wish to present testimony or be a party of record, may do so by notifying the Docketing Department, in writing, at the address below on or before **May 1, 2009**. **Please refer to Docket No. 2008-447-EG.**

PLEASE TAKE NOTICE: Any person who wishes to have his or her comments considered as part of the official record of this proceeding **MUST** present such comments, in person, to the Commission during the hearing.

Persons seeking information about the Commission's Procedures should contact the Commission at (803) 896-5100.

Public Service Commission of South Carolina
Attn: Docketing Department
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3/4/09 AD# 62313

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